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C O N F I D E N T I A L SECTION 01 OF 04 ZAGREB 000337

SIPDIS

E.O. 12958: DECL: 02/12/2013

TAGS: PREF PREL ECON PREL ECON PREL ECON PREL ECON HR HRPREF OSCE EUN UNHCR SUBJECT: GOC PUSHING BACK ON IC CRITICISM ON RETURNS

CONFIDENTIAL

ZAGREB 00337 01 OF 04 121720Z PAGE 02

REF: A. ZAGREB 94 ¶B. ZAGREB 167

CLASSIFIED BY: POLITICAL OFFICER DARREN TAYLOR FOR REASONS 1.5 B AND D

SUMMARY

- 11. (C) THE GOC IS REACTING TO IC PRESSURE ON REFUGEE RETURNS. MINISTER FOR PUBLIC WORKS AND RECONSTRUCTION AND BUILDING, RADIMIR CACIC, HELD A HASTILY ARRANGED MEETING ON FEBRUARY 4 WITH THE DIPLOMATIC COMMUNITY TO PRESENT HIS MINISTRY, S PROGRAM ON REFUGEE RETURN. THE EVENT AT THE SHERATON HOTEL WAS HEAVILY ATTENDED BY TELEVISION AND PRINT MEDIA. THE MINISTER WAS COMBATIVE. MUCH OF WHAT CACIC SAID WAS OLD NEWS AND FILLED WITH QUESTIONABLE FIGURES ABOUT THE GOVERNMENT, S AND FILLED WITH QUESTIONABLE FIGURES ABOUT THE GOVERNMENT, S
 EFFORTS THUS FAR. HE DID, HOWEVER, ANNOUNCE A NEW INITIATIVE
 AIMED AT RESTORING LOST OCCUPANCY AND TENANCY RIGHTS. HE
 CHASTISED THE INTERNATIONAL COMMUNITY FOR ITS LACK OF
 FINANCIAL SUPPORT WHILE, AT THE SAME TIME, CRITICIZED THE GOC
 AT EVERY OPPORTUNITY FOR ITS SHORTCOMINGS ON RETURN-RELATED ISSUES.
- ¶2. (C) MANY IC OFFICIALS AGREED THAT CACIC, S PRESENTATION WAS LONG ON STYLE BUT SHORT ON SUBSTANCE. THE HASTY EVENT OBVIOUSLY WAS DESIGNED TO PUSH BACK STRONGER IC PRESSURE ON THE GOC ON RETURNS. THE GOC MISSED ANOTHER OPPORTUNITY TO CONVINCE THE IC THAT IT IS WILLING TO MAKE MEANINGFUL PROGRESS ON RETURNS AND TO WORK WITH THE IC IN DOING SO. THAT SAID, THE GOC'S PUSHING BACK IS SOFTENING SOME IC RESOLVE, CONFIDENTIAL
- ZAGREB 00337 01 OF 04 121720Z NOTABLY THE OSCE HOM AND PERHAPS LOCAL COMMISSION REPS. END SUMMARY.

GOC LAYS OUT RED CARPET TREATMENT

(C) IN WHAT MANY IC OFFICIALS CONSIDERED AN UNUSUAL VENUE **¶**3. TO HOLD A MEETING ON REFUGEE RETURNS, GOC OFFICIALS, LED BY CACIC, HOSTED ALMOST ONE HUNDRED REPRESENTATIVES FROM THE DIPLOMATIC COMMUNITY AT THE SHERATON HOTEL. TELEVISION A TELEVISION AND PRINT MEDIA PRESENCE WAS EXTENSIVE. CACIC USED THE OCCASION TO REVIEW THE GOVERNMENT, S PERFORMANCE ON REFUGEE-RELATED ISSUES SINCE COMING TO POWER IN 2000 AND TO HIGHLIGHT NEW GOC PLANS TO ACCELERATE THE RETURN OF REFUGEES. HE WANTED THIS EVENT TO BE UP CLOSE AND PERSONAL AND ACTED MORE LIKE A LECTURER THAN MINISTER. HIS GOAL WAS TO SHOW THAT THE GOC REGARDED THE ISSUE OF RETURNS WITH GREAT IMPORTANCE.

CACIC: I,M IN CHARGE

- (C) CACIC, S DEMEANOR THROUGHOUT THE PRESENTATION WAS INTENDED TO DISPEL ANY NOTION THAT ANYONE ELSE BESIDE HIMSELF WAS RESPONSIBLE FOR REFUGEE-RELATED MATTERS. CACIC PRESENTED HIS DEPUTY AND ASSISTANT MINISTERS DIRECTLY RESPONSIBLE FOR REFUGEE RETURNS, BUT DID MOST OF THE TALKING. HE ASSUMED DIRECT RESPONSIBILITY FOR THE GOC, S RECORD ON RETURNS OVER THE PAST THREE YEARS. HE REMINDED THE AUDIENCE THAT HIS MINISTRY WAS HAMPERED BY LEGISLATION PASSED BY THE PREVIOUS GOVERNMENT. ONLY LAST FALL WERE THE MOST CRUCIAL PARTS OF THIS LEGISLATION AMENDED, WHICH, HE SAID, HELPED REMOVE ALL CONFIDENTIAL
- PAGE 04 ZAGREB 00337 01 OF 04 121720Z OF THE LEGISLATIVE BARRIERS TO RETURN. HE SAID HE WAS NOT SATISFIED WITH RESULTS TO DATE; HE QUESTIONED HIS ASSISTANT MINISTERS ABOUT THE LACK OF PROGRESS AND FOUND MANY OF THEIR RESPONSES TO BE UNACCEPTABLE. ON THE OTHER HAND, SOME OF THEIR "JUSTIFICATIONS," AS HE REFERRED TO THEM, DEALT WITH FINANCIAL AND RESOURCE CONSTRAINTS OF THE GOVERNMENT THAT WERE OUT OF THEIR CONTROL. EU MEMBERSHIP AT STAKE

15. (C) CACIC INSISTED THAT THE DISCONTENT IN THE INTERNATIONAL COMMUNITY REFLECTED A LACK OF INFORMATION. HE SAID HE INTENDS TO HAVE A SERIES OF MEETINGS WITH THE IC TO SHARE INFORMATION AND AVOID FUTURE MISUNDERSTANDINGS. IS IMPORTANT, HE SAID, BECAUSE CROATIA WILL SOON SUBMIT ITS
APPLICATION TO JOIN THE EU AND CROATIA IS HELPED BY GETTING

MORE INFORMATION OUT. HIS TOP PRIORITIES ARE RECONSTRUCTION AND PROPERTY RETURNS. SINCE 2000 THERE HAS BEEN A CHANGE IN THE GOC,S ATTITUDE COMPARED TO THE PREVIOUS GOVERNMENT, CACIC SAID: THE PREVIOUS GOVERNMENT HELPED ONLY ETHNIC CROATS WHILE THE CURRENT GOVERNMENT HELPS ALL OF ITS CITIZENS.

COOPERATION WITH IC PRODUCES MIXED RESULTS

16. (C) THE QUALITY OF COOPERATION WITH SOME IN THE

CONFIDENTIAL

CONFIDENTIAL PTQ9811

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PAGE 01 ZAGREB 00337 02 OF 04 121721Z

ACTION PRM-00

INFO	LOG-00	NP-00	AF-00	AGRE-00	AID-00	CEA-01	CIAE-00
	COME-00	CTME-00	DODE-00	DOTE-00	SRPP-00	DS-00	EAP-00
	EB-00	EUR-00	EXIM-01	OIGO-00	E-00	FAAE-00	FBIE-00
	VC-00	FRB-00	HHS-01	H-01	SSA-01	TEDE-00	INR-00
	IO-00	ITC-01	L-00	VCE-00	AC-01	NSAE-00	NSCE-00
	OIC-02	OMB-01	DHS-00	OPIC-01	PA-00	PM-00	PRS-00
	ACE-00	P-00	SCT-00	SP-00	SSO-00	SS-00	STR-00
	TRSE-00	T-00	USIE-00	EPAE-00	ECA-00	PMB-00	DSCC-00
	DRL-01	G-00	NFAT-00	SAS-00	SWCI-00	/012W	

R 121719Z FEB 03
FM AMEMBASSY ZAGREB
TO SECSTATE WASHDC 9449
INFO AMEMBASSY ATHENS
AMEMBASSY BELGRADE
AMEMBASSY LJUBLJANA
AMEMBASSY SARAJEVO
USMISSION GENEVA
USMISSION USNATO
USMISSION USOSCE
USEU BRUSSELS

C O N F I D E N T I A L SECTION 02 OF 04 ZAGREB 000337

SIPDIS

E.O. 12958: DECL: 02/12/2013

TAGS: PREF PREL ECON PREL ECON PREL ECON HR HRPREF OSCE EUN UNHCR SUBJECT: GOC PUSHING BACK ON IC CRITICISM ON RETURNS

CONFIDENTIAL

PAGE 02 ZAGREB 00337 02 OF 04 121721Z

INTERNATIONAL COMMUNITY WAS A SORE POINT FOR CACIC, AND AT TIMES HE CONVEYED HIS FRUSTRATION. HE EXPRESSED GRATITUDE FOR THE EU-SPONSORED HOUSING PROGRAM BEING IMPLEMENTED BY THE GERMAN NGO ARBEITER-SAMARITER-BUND (ASB) AS HIS MINISTRY,S KEY PARTNER IN HOUSING RECONSTRUCTION EFFORTS. UNDER THIS PROGRAM, ASB WILL RECONSTRUCT 1000 HOUSES. HE NOTED THAT OTHER ORGANIZATIONS AND COUNTRIES, INCLUDING UNHCR, THE EU, AND U.S., ARE PROVIDING IMMEDIATE RELIEF TO RETURNING REFUGEES THROUGH THEIR VARIOUS PROGRAMS. LOANS FROM INTERNATIONAL FINANCIAL INSTITUTIONS HAVE ENABLED THE GOC TO MAKE PROGRESS OVER THE PAST TWO YEARS. YET, WHILE CACIC ACKNOWLEDGED THAT INTERNATIONAL SUPPORT HAS HAD A DIRECT IMPACT, HE CLAIMED THE IC HAS SPENT ONLY ABOUT SEVEN PERCENT OF THE TOTAL AMOUNT SPENT ON RECONSTRUCTION SINCE 1996.

17. (C) CACIC SAID HE EXPECTED GREATER UNHCR INVOLVEMENT DURING WHAT HE SAID WOULD BE A CRITICAL YEAR FOR RETURNS (REF A). THIS WAS BECAUSE THREE-FOURTHS OF THE GOVERNMENT, S RECONSTRUCTION EFFORTS WILL BENEFIT RETURNING SERBS. HE SAID HE REGRETTED THAT IT TOOK SO LONG FOR THE PROGRAMS TO HAVE A DIRECT IMPACT ON THE SERB POPULATION. THE GOC PLANS TO ISSUE 7,500 DECISIONS FOR RECONSTRUCTION THIS YEAR, WHICH WILL MAKE IT POSSIBLE FOR AT LEAST 20,000 PEOPLE TO RETURN IF THEY CHOOSE TO DO SO ONCE THEIR HOUSES HAVE BEEN COMPLETED. HE CLAIMED THAT SINCE SEPTEMBER 2002, ALMOST 940 PROPERTIES HAVE BEEN REPOSSESSED. THE GOC PLANS TO RETURN ALL HOMES TO THEIR RIGHTFUL OWNERS BY THE END OF 2003.

NEW INITIATIVE TO RESTORE TENANCY RIGHTS CONFIDENTIAL

PAGE 03 ZAGREB 00337 02 OF 04 121721Z

18. (C) CACIC,S DECLARATION THAT THE GOC WOULD SEEK TO RESTORE LOST OCCUPANCY AND TENANCY RIGHTS SPARKED THE GREATEST ATTENTION FROM HIS AUDIENCE. HE SAID THAT IN THE AREAS OF SPECIAL STATE CONCERN ("ASSC" -- WAR-AFFECTED AREAS) ALL CITIZENS WERE VICTIMS OF THE WAR AND HAVE A RIGHT TO RETURN, TO QUALIFY FOR HOUSING CARE AND TO PURCHASE THEIR FORMER RIGHTS. FOR PEOPLE WHO LIVED OUTSIDE THE ASSC (THAT IS MOST FORMER OTR HOLDERS), THEY WILL BE INCLUDED IN THE GOC,S PROGRAM ON PUBLICLY FUNDED HOUSING CONSTRUCTION. A NEW LAW WILL BE ENACTED THAT WILL CALL FOR THE FORMULATION OF LISTS TO RESOLVE THE ISSUE OF WHO CAN QUALIFY FOR SUCH

- 19. (C) UNDER THE PROGRAM, THE MINISTER EXPLAINED, THERE WOULD BE TWO POSSIBILITIES: OWNERSHIP AND RENT. UNDER THE OWNERSHIP PROGRAM, LOANS WILL BE OFFERED WHICH THE OWNERS WILL HAVE TO REPAY OVER A CERTAIN TIME PERIOD. THE RENT PROGRAM WILL INCLUDE PROVISIONS THAT WILL ALLOW THE PERSON TO PROGRAM WILL INCLUDE PROVISIONS THAT WILL ALLOW THE PERSON TO PAY RENT FOR A REQUIRED PERIOD OF TIME, AFTER WHICH HE WILL BECOME THE OWNER OF THE PROPERTY. CACIC ENVISIONED A 4-YEAR PERIOD TO IMPLEMENT THE PROGRAM. FORMER TENANCY RIGHT HOLDERS WILL BE GIVEN A ONE-YEAR DEADLINE TO APPLY AND 2 TO 3 YEARS FOR THE PROPERTIES TO BE BUILT. THE GOC WILL EARMARK FUNDS FOR THE PROGRAM BY THE END OF THE YEAR, AND CACIC SAID IT EXPECTS THE PROGRAM WILL BE COMPLETED BY 2006.
- (C) CACIC PREDICTED THAT THERE WOULD NOT BE A HIGH NUMBER OF APPLICATIONS FROM SERBS CURRENTLY LIVING IN SERBIA-MONTENEGRO AND BIH. THESE ARE THE POPULATIONS THE IC CONFIDENTIAL
- PAGE 04 ZAGREB 00337 02 OF 04 121721Z WANTED TO RETURN TO CROATIA. MANY OF THE SERBS THAT WOULD QUALIFY FOR THE PROGRAM DO NOT WANT TO RETURN TO CROATIA BUT WANT THE OPPORTUNITY TO SELL ANY PROPERTY PROVIDED TO THEM, AN OUTCOME STRONGLY OPPOSED BY THE GOC. THE PROGRAM AS OUTLINED BY CACIC IS DESIGNED SPECIFICALLY FOR THOSE WHO REALLY WANT TO RETURN. HE STATED THAT THE GOC DID NOT CURRENTLY HAVE THE MONEY TO INITIATE THE PROGRAM BUT WOULD RESOLVE THE FUNDING ISSUE SOON. IT HAD TO IN ORDER TO RESOLVE THE ISSUE OF OCCUPANCY AND TENANCY RIGHTS ONCE AND FOR ALL. HE STRESSED THAT PEOPLE WILL NOT BE ABLE TO SELL THE PROPERTIES OBTAINED THROUGH THE PROGRAM.

CONTENTIOUS QUESTION AND ANSWER PERIOD

(C) A BRIEF QUESTION AND ANSWER PERIOD FOLLOWED CACIC,S REMARKS. THE MINISTER BECAME IRRITATED AND CONFRONTATIONAL WHEN OSCE HEAD PETER SEMNEBY ASKED FOR SPECIFIC INFORMATION ABOUT THE TENANCY RIGHTS INITIATIVE, NOTABLY WHEN WOULD THE ONE-YEAR DEADLINE BEGIN FOR FORMER TENANCY RIGHTS HOLDERS. CACIC RESPONDED THAT HE WOULD WAIT FOR THE INTERNATIONAL COMMUNITY TO TELL HIM WHAT TO DO. THIS WAY, THE IC COULD NOT SAY THAT THE GOC SET A SHORT DEADLINE THAT WAS DISCRIMINATORY AGAINST SERBS WHO DID NOT RESIDE IN CROATIA. CACIC SAID HE WOULD SIGN ANY PROPOSAL THE IC SUBMITTED TO HIM, BUT THEN HE DID NOT WANT TO HEAR COMPLAINTS AFTERWARDS.

CONFIDENTIAL

ZAGREB 00337 03 OF 04 121721Z

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ACTION PRM-00 LOG-00 NP-00 AF-00 AGRE-00 AID-00 CEA-01 COME-00 CTME-00 DODE-00 DOTE-00 SRPP-00 DS-00 INFO LOG-00 CEA-01 CIAE-00 EAP-00 EXIM-01 OIGO-00 E-00 HHS-01 H-01 SSA-01 EUR-00 FAAE-00 FBIE-00 EB-00 H-01 VCE-00 VC = 0.0FRB-00 TEDE-00 INR-00 AC-01 TO = 0.0TTC-01 L - 00NSAE-00 NSCE-00 OPIC-01 PA-00 DHS-00 OIC-02 OMB-01PM-00PRS-00 P−00 P−00 SCT-00 SP-00 ACE-00 TRM-00 SSO-00 SS-00 TRSE-00 USIE-00 EPAE-00 PMB-00 STR-00 T - 0.0DSCC-00

R 121719Z FEB 03 FM AMEMBASSY ZAGREB TO SECSTATE WASHDC 9450 INFO AMEMBASSY ATHENS AMEMBASSY BELGRADE AMEMBASSY LJUBLJANA AMEMBASSY SARAJEVO USMISSION GENEVA USMISSION USNATO

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USEU BRUSSELS

C O N F I D E N T I A L SECTION 03 OF 04 ZAGREB 000337

SIPDIS

PAGE 01

E.O. 12958: DECL: 02/12/2013 TAGS: PREF PREL ECON PREL ECON PREL ECON HR HRPREF OSCE EUN UNHCR SUBJECT: GOC PUSHING BACK ON IC CRITICISM ON RETURNS CONFIDENTIAL

ZAGREB 00337 03 OF 04 121721Z

(C) OTHER LEADING IC REPS RAISED QUESTIONS ABOUT RENTAL COMPENSATION FOR CURRENT OWNERS WHO ARE NOT OCCUPYING THEIR PROPERTIES AND FOR DAMAGE RESULTING FROM THE LOOTING OF PROPERTIES BY TEMPORARY OCCUPANTS AS THEY VACATE THEM. (REPLIED THAT THE GOC WILL PROVIDE RENTAL COMPENSATION TO THOSE WHO QUALIFY UNDER THE LAW BUT HE DID NOT SAY WHEN IT WOULD BEGIN. AS FOR LOOTING, CACIC SAID THE GOC DID NOT HAVE THE MONEY TO COMPENSATE EVERYONE WHOSE PROPERTY HAD BEEN LOOTED. HE EXPRESSED SURPRISE THAT CROATIA WAS BEING ASKED TO PROVIDE SUCH COMPENSATION WHEN NO OTHER COUNTRY IN THE REGION WAS ASKED TO DO SO.

INCREASING THE STAKES

- 113. (C) IC PRESSURE ON THE GOC TO STEP UP TO THE RETURNS ISSUE HAS INCREASED RECENTLY IN WAYS IT APPARENTLY CANNOT IGNORE. WE NEED TO JUDGE THE GOC BY ITS ACTIONS AND BY RESULTS ON THE GROUND, NOT BY RHETORIC OR DECLARATIONS. SO FAR, WHAT IS CLEAR -- CACIC'S PERSONAL LEAD MADE THIS CLEAR -- IS THAT MORE CAREFULLY "MANAGING" THE RETURNS ISSUE WITH THE IC IS PART OF THE GOC'S EFFORT TO MAINTAIN MOMENTUM TOWARD THE EU AND NATO. IT WAS LESS OBVIOUS THAT ACTUALLY SOLVING THIS BIG PROBLEM IS ON THE GOC'S AGENDA -- MOST OF WHAT CACIC TALKED ABOUT WAS EITHER OLD HAT TO THOSE WHO WORK THESE ISSUES OR INSUFFICIENTLY DETAILED TO BE GROUNDS FOR CONFIDENCE THAT THE GOC IS TURNING OVER A NEW LEAF.
- 114. (C) THIS EVENT WAS ONLY THE LATEST SIGN THAT THE CONFIDENTIAL
- PAGE 03 ZAGREB 00337 03 OF 04 121721Z
 INCREASED IC PRESSURE IS REACHING AND RESONATING AT THE
 HIGHEST GOC LEVELS, AND THAT THE GOC KNOWS THE STAKES HAVE
 INCREASED. THE ANNOUNCEMENT OF THE PLAN TO ADDRESS THE
 OCCUPANCY AND TENANCY RIGHTS PROBLEM IS PROOF OF THAT; THE
 ISSUE HAS LANGUISHED SINCE THE IC RAISED IT, TO LITTLE
 EFFECT, WITH PM RACAN IN DECEMBER 2001. ON ITS FACE, CACIC'S
 PLAN WOULD REPRESENT A REAL STEP FORWARD, BUT THE SHORTFALL
 HERE ALWAYS IS IMPLEMENTATION AND WE WILL BE WATCHING
 CAREFULLY. CACIC'S PRESENTATION LEFT US NO MORE CONVINCED
 THAN BEFORE THAT THE GOC HAS ANY REAL DESIRE, WILL OR INTENT
 TO ACT ON RETURNS ISSUES ESPECIALLY IN THIS ELECTION YEAR.

...BUT OSCE/EU WAVERING

...bor obed/go whiteking

- 115. (C) THAT SAID, GOC PUSH BACK FOLLOWING THE IC PRINCIPALS JANUARY 23 LETTER TO PM RACAN SUSPENDING PARTICIPATING IN THE JOINT LEGAL WORKING GROUP IS HAVING AN IMPACT. OSCE HOM SEMNEBY WAS QUICK, AND AT PAINS, TO PUT OUT A BEST-CASE LAUDATORY PRESS RELEASE ON CACIC'S ANNOUNCED OCCUPANCY AND TENANCY RIGHTS PLAN. SEMNEBY ALSO PULLED EVERY CONCEIVABLE PUNCH IN AN EXCESSIVELY POSITIVE BRIEFING ON THESE ISSUES TO THE EU WESTERN BALKANS WORKING GROUP (COWEB) IN BRUSSELS FEBRUARY 6. YET AGAIN IN AN IC PANEL BRIEFING FOR A VISITING OSCE PARLIAMENTARY DELEGATION FEBRUARY 10, SEMNEBY TOOK A NOTABLY SOFTER LINE ON THE GOC THAN DID UNHCR, THE UN LIAISON OFFICE OR OUR OWN EMBASSY PARTICIPANT. IT IS CLEAR TO US AND TO SEMNEBY'S AMERICAN DEPUTY HOM (PROTECT) THAT SEMNEBY IS GETTING COLD FEET OUT OF FEAR THAT THE OSCE-GOC RELATIONSHIP WILL SOUR AND HE WILL END UP COLD-SHOULDERED AND VILIFIED LIKE HIS PREDECESSOR BERNARD PONCET. THAT COULD HAPPEN, BUT CONFIDENTIAL
- PAGE 04 ZAGREB 00337 03 OF 04 121721Z
 IF SO IT WOULD BE OF LIMITED IMPORT FOR REAL IC INTERESTS
 HERE. THE OSCE MISSION IS LIKE UNMOVIC -- IF THE HOST
 COUNTRY REJECTS AND OBSTRUCTS PEOPLE WHO CAN ONLY HELP IT
 RESOLVE ISSUES OF INTERNATIONAL CONCERN, BUT NOT ENFORCE, ITS
 VALUE DISAPPEARS AND IT COULD AS EASILY GO AWAY. WE ARE
 CONVEYING TO THE OSCE MISSION AND TO SEMNEBY THAT WHILE WE
 WANT THEM TO TRY TO MAINTAIN GOOD RELATIONS WITH THE GOC,
 THEY WILL NOT HAVE OUR SUPPORT IF THEY LOSE FOCUS AND
 SACRIFICE BASIC PRINCIPLES IN THE PROCESS.
- 116. (C) OF PERHAPS MORE CONCERN ARE INDICATIONS THAT EUROPEAN COMMISSION PRESSURE ALSO PEAKED LAST MONTH WITH THEIR ACTIVE SUPPORT FOR SUSPENDING THE JOINT LEGAL WORKING GROUP. THE COMMISSION DEPUTY HEAD JOINED SEMNEBY IN SOFT-PEDALING CRITICISM OF THE GOC AT THE OSCE PARLIAMENTARY DELEGATION BRIEFING. THE COMMISSION AND OSCE MISSIONS INCREASINGLY LINK THEIR WORK AND OPERATE IN TANDEM; FOR EXAMPLE, SEMNEBY AND THE COMMISSION DEPUTY MET TOGETHER WITH CACIC THE WEEK BEFORE HIS PUBLIC BRIEFING, AND THE TWO INVARIABLY LINK THEIR MANDATES AND POLICY AGENDAS IN PRIVATE AND PUBLIC STATEMENTS HERE IN ZAGREB. TALKING TO MOST EU AMBASSADORS HERE, WE FIND A BROAD MAJORITY CRITICAL OF GOC PERFORMANCE BUT NOT EAGER TO DO ANYTHING THAT WOULD OBSTRUCT HANDLING OF CROATIA'S IMMINENT EU APPLICATION IN ANY WAY OTHER THAN THE NORMAL MANNER. THE GERMANS AND TO A LESSER EXTENT THE AUSTRIANS ARE APOLOGISTS FOR THE GOC; THE BRITISH AND DUTCH ANCHOR THE

CONFIDENTIAL

CONFIDENTIAL PTQ9816

PAGE 01 ZAGREB 00337 04 OF 04 121721Z ACTION PRM-00

AF-00 INFO LOG-00 NP-00AGRE-00 AID-00 CEA-01 CIAE-00 COME-00 CTME-00 DODE-00 DOTE-00 PERC-00 SRPP-00 DS-00 EAP-00 EB-00 FBIE-00 VC-00 EUR-00 EXIM-01 OIGO-00 E - 0.0FAAE-00 FRB-00 HHS-01 SSA-01

TTC-01 AC-01 TNR-00 TO - 0.0 $T_1 = 0.0$ VCE-00 NSAE-00 NSCE-00 OIC-02 OMB-01 DHS-00 OPIC-01 PA-00 PM-00 PRS-00 ACE-00 P-00 SCT-00 SP-00 IRM-00 SSO-00 STR-00 TRSE-00 USIE-00 PMB-00 SS-00 T-00 DSCC-00 G-00 /012W NFAT-00 SAS-00 SWCI-00 DRL-01 ----352ABE 121739Z /38

R 121719Z FEB 03
FM AMEMBASSY ZAGREB
TO SECSTATE WASHDC 9451
INFO AMEMBASSY ATHENS
AMEMBASSY BELGRADE
AMEMBASSY LJUBLJANA
AMEMBASSY SARAJEVO
USMISSION GENEVA
USMISSION USNATO
USMISSION USOSCE
USEU BRUSSELS

C O N F I D E N T I A L SECTION 04 OF 04 ZAGREB 000337

STPDTS

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CONFIDENTIAL

PAGE 02 ZAGREB 00337 04 OF 04 121721Z

HARSH END OF THE EU SPECTRUM; BUT THE MIDDLE MAJORITY POSITION IS ONE THAT WILL PROBABLY URGE THE COMMISSION TO GO EASIER ON THE GOC.

NEXT STEPS

117. (C) WE KNOW THERE IS AN INTENSE DEBATE WITHIN THE GOC ON HOW TO HANDLE THE INCREASED IC PRESSURE. PM RACAN IS SAID TO FAVOR SOME RESPONSIVENESS, BUT DPM GRANIC, THE MFA, CACIC'S ASSISTANT MINISTER FOR RETURNS AND A KEY RACAN AIDE ARE ALL REPORTED TO BE ARGUING FOR THE GOC TO SHUT OUT MEANINGFUL IC DIALOGUE AND GO ITS OWN WAY. THE RACAN AIDE MADE IT CLEAR BOTH TO SEMNEBY AND THE AMBASSADOR THAT RACAN WILL NOT ENGAGE ON IC CONCERNS ANYTIME SOON, IF EVER. RACAN IS NO LEADER; THEREFORE, WE BELIEVE THAT THIS ANTI-COOPERATION CONSTELLATION WILL PREVAIL ABSENT CONSTANT AND STRONG IC PRESSURE. WE WILL WORK TO REINFORCE THE PRESSURE HERE. WE URGE THAT THE USG PRESS THIS ISSUE IN BRUSSELS AND IN EU AND NATO CAPITALS WHENEVER CROATIA IS ON THE AGENDA. UNLESS WE PRESS THE GOC HARD AND CONSTANTLY, WE WILL NOT GET THE FORCEFUL GOC ACTION NEEDED TO GET SIGNIFICANT NUMBERS OF RETURNEES HOME, EVER.

118. (U) BELGRADE MINIMIZE CONSIDERED.

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